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C O N F I D E N T I A L SECTION 01 OF 02 KHARTOUM 000490

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TAGS: [PGOV](#) [EPET](#) [PREL](#) [ECON](#) [SU](#)

SUBJECT: GOSS DECISION ON SUPER BLOCK B STILL UP IN THE AIR

REF: KHARTOUM 00417

Classified By: DCM Andrew Steinfeld, reason: Section 1.4 (b) and (d)

11. (SBU) Summary: A February 21 meeting of the GoSS Council of Ministers examined the White Nile Ltd. (WNL) vs. Total dossier on the allocation of Super Block B in Southern Sudan (reftel). After debate, in which a number of ministers expressed displeasure about the genesis of the WNL contract, the Council reportedly agreed to consult further on the matter before rendering a final decision. Total and WNL are offering very different interpretations of the outcome. Total thinks the decision will be referred to the National Petroleum Commission (NPC), while a senior manager of WNL claims that WNL has effective control of the northern half of the concession. He described in detail to us a WNL business plan that appears whimsical at best. We continue to seek clarification about what comes next. End summary.

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Cut the Baby in Half? Do Nothing?  
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12. (SBU) A Total representative reported that the oft postponed Council of Ministers discussion on the WNL vs. Total dossier took place late February 20 and early February 21, with Salva Kiir and Riek Machar in attendance. Several unnamed ministers expressed dissatisfaction with the way WNL came into Southern Sudan, as well as some of its business connections. Riek Machar declared that Total had decided to share the concession as a fallback position and pressed for a split decision on Block B, which the Council reportedly did not accept. The Total representative said that the Council has decided to refer the matter to the National Petroleum Commission for resolution, but GoSS Secretary General Abdom Igua told CG that, to the best of his knowledge, this would not occur unless the South comes to agreement with the North on NPC modalities. Minister of Mines, Energy and Industry Albino Akol Akol said that the Council had decided to take the neutral way8 and take no decision now. For the record, the Total representative insisted that Total had neither spoken to Machar nor adopted a fallback position.

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WNL Claims Victory Anyway  
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13. (C) On February 21, CG Juba met with Philip Ward, Chief Operations Officer of WNL, for the WNL take on the decision. Ward claimed that Salva Kiir had in fact decided in WNL,s favor. (NB: Other information we have does not corroborate this assertion.) Ward admitted that some ministers had expressed unhappiness, but said that all had rushed to get on board once the decision was taken. He mentioned Riek Machar and Paul Mayom as stalwart WNL supporters ) especially Machar, who he said was locked in a power struggle with Kiir ) and salted his presentation with the names of other southern leaders now on board: Nhial Deng, Michael Makwei, Rebecca Garang, et al.

14. (SBU) Ward said that he was aware of rumors of growing corruption in Southern Sudan, and he said that these were true, although he declined to expand. He explained that Kiir was concerned that this could undermine the confidence of the donors, and thus Kiir had proposed, and the Council had accepted, to establish committees of inquiries to probe the affairs of select ministries, although Ward could not say exactly which.

15. (SBU) Ward said that the WNL success in obtaining part of the Super Block was not the only positive development: last week a British court had made an initial ruling in WNL,s favor. He claimed that Total legal papers arguing that the case should be handled in the UK due to a lack of a competent legal system in Southern Sudan had outraged the GoSS.

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The Master Plan  
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16. (SBU) Ward described WNL as a business with a philanthropic bent. He said that WNL ownership was a 50/50

split between the company,s stockholders and the GoSS, with 80 percent of the GoSS, half going to NilePet. (NOTE: Ward did not say how the other 20 percent was allocated. End Note.) He introduced a Dr. Boulen, a Dinka Bor based in Nairobi, who said that he had attended the Council meeting and vouched for Ward,s version of events. Boulen and Ward described WNL- sponsored community projects, including the reconstruction of a breached dike along the Sudd that would allow 70,000 Dinka Bor to return with their herds to former pasturelands that were now unusable swamp. They assured the CG that WNL remains fully committed to protecting the fragile

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ecology of the Sudd, which they said was a World Heritage site.

17. (SBU) Ward said the WNL entourage would return to Nairobi on February 23 to expedite shipment of equipment to Bor, where WNL expected to drill its first well by November 2006. CG queried about how any petroleum production would be exported; Ward replied that U.S. investors stood ready to finance a USD 1.5 billion pipeline that could be opened to Mombassa within thirty months. He said there were separate plans to construct a 125,000 bpd refinery in the South to meet internal needs and to provide surplus fuel for export to southern neighbors. A subsidiary plant would also produce LPG gas for the South.

18. (SBU) Ward concluded his presentation by describing the vast hydrocarbon reserves in Swdan. He klaimee tiar tje\$V~LQzone'conck3Ci/b!Xim|"5Qk|m-Xnrph& @`htjQS1f#bLQQOvhBIM